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REPORT
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WORKER AND FIRM TRADE ADJUSTMENT ASSISTANCE

JUNE 29, 1983.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

together with

DISSENTING VIEWS

1008-C)
1008-D.

Y1.1/8:98-281.

[To accompany H.R. 3391]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3391) to improve worker training under the Trade Act of 1974, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 3, lines 22 and 23, strike out "for him" and insert "or provided for by voucher".

Page 5, line 12, insert a quotation mark after "allowances.".

Page 5, line 15, strike out "(3)" and insert "(4)".

Page 7, lines 3 and 4, strike out "permanent" and "with the provider".

Page 7, line 16, after "employment" insert ", if any,".

Page 8, strike out lines 7 through 13, inclusive, and insert the following:

> (b) The second sentence of section 233(a)(3) of such Act 2 is amended by striking out "236(c)" and inserting in lieu 3 thereof "236(d)".

Page 9, line 11, strike out "2.1" and insert "2.6".

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Page 9, line 12, strike out "109," and insert "111,".
Page 9, line 18, strike out "1.4" and insert "1.8".
Page 9, line 19, strike out "52," and insert "56,".
Page 11, line 6, insert a quotation mark before "(c)".
Page 11, line 15, insert a quotation mark after "tions.".
Page 11, strike out line 18 and insert "Section 285 of the Trade Act of 1974 (19 U.S.C. note preceding 2271)".
Page 11, line 24, strike out "effective".
Page 11, line 25, after "of" insert "the enactment of".
Page 12, strike out lines 1, 2, and 3.
Page 12, line 4, strike out "(c)" and insert "(b)".
Page 12, line 11, strike out "(d)" and insert "(c)".

Background and Purpose

The purpose of H.R. 3391 as reported is to reauthorize for two years the trade adjustment assistance (TAA) programs for workers and firms under the Trade Act of 1974, as amended, with amendments of certain provisions primarily to encourage worker training.

Trade adjustment assistance programs for workers and firms were originally enacted under the Trade Expansion Act of 1962. Congress established these special programs in the belief that the particularly severe nature of economic dislocation that may result from changes in trade policy adversely affecting employment prospects in entire industries or geopgraphic regions necessitated greater benefits and adjustment measures than available under general unemployment programs. Congress also believed that the Federal Government should bear the responsibility of aiding particular segments of industry and labor dislocated by national policies to liberalize trade for the benefit of the county as a whole. Trade adjustment assistance programs also provide an alternative to import restrictions as a temporary relief measure.

The criteria for worker and firm certification and the benefit levels for workers were considerably liberalized under the Trade Act of 1974. The worker program was amended extensively under the Omnibus Budget Reconciliation Act of 1981 to reduce cash benefit costs and to reorient the program from primarily income maintenance to adjustment of the longer-term unemployed. Relatively minor changes were also made at that time in the program for firms, including provisions for industry-wide technical assistance.

Trade adjustment assistance for both workers and firms terminates by statute on September 30, 1983. In reauthorizing TAA, H.R. 3391 also amends the worker program to increase further its orientation toward training and other adjustment measures and to remove certain inequities in its coverage.

CURRENT WORKER PROGRAM

The worker program under current law contains the following principal elements:

Groups of workers petition the Department of Labor for certification of eligibility to apply for TAA benefits based on whether increased imports "contributed importantly" to sig-

nificant worker layoffs, or the threat thereof, and to production and/or sales declines in the workers' firm or subdivision of a firm. Only workers in firms or subdivisions producing a product "like or directly competitive" with the imported article are eligible. (Section 1 of H.R. 3391 amends these provisions)

Individual certified workers apply to State employment security agencies or TAA benefits:

1. Weekly cash payment entitlements (trade readjustment allowances (TRA)) if certain employment history requirements are met. (sections 2 and 3 of H.R. 3391 amend these provisions)

TRA benefits are equal to the worker's most recent unemployment insurance (UT) weekly benefit amount and are payable only for weeks of unemployment after the worker has exhausted his regular UI, extended UI benefits (EB), as well as Federal Supplemental Compensation (FSC) entitlements now due to expire September 30, 1983. A worker cannot receive more than 52 weeks of UI and TRA benefits combined, except workers in approved training may receive up to 26 additional weeks to complete training if application for benefits is made within certain time limits. Basic TRA benefits can be paid only during the 52-week period following the week in which the worker has exhausted regular UI; additional benefits while in training are payable only during the 26-week period following the last week of entitlement to basic TRA.

2. Approved training under other Federal programs if certain conditions are met. (sections 4 and 5 of H.R. 3391 amend these provisions)

3. Job search and relocation allowances if certain conditions exist. (section 6 of H.R. 3391 amends these provisions)

All TAA benefits are funded from general revenues through annual appropriations under an authorization of "such sums as may be necessary." In fiscal year 1983, the projected cost of TRA entitlements is $54 million; $25 million has been allocated to the States for training costs and job search and relocation allowances.

CURRENT FIRM PROGRAM

The firm program under current law consists of the following principal elements:

Individual firms petition the Department of Commerce for certification of eligibility to apply for TAA benefits based on whether increased imports "contributed importantly" to significant worker layoffs" or the threat thereof, and to production and/or sales declines of the firm.

A certified firm may apply for and receive assistance if the Secretary of Commerce approves its economic adjustment proposal and the firm does not have reasonable access to private financing.

TAA to individual firms consists of (1) technical assistance to prepare petitions and to prepare and/or implement adjustment proposals (usually through regional Trade Adjustment Assistance Centers), and/or (2) financial assistance in the form of

direct loans (up to $1 million at Treasury cost of borrowing) or loan guarantees (up to $3 million with maximum 90 percent guarantee).

Industy-wide technical assistance may be provided for new product, process, or export development up to $2 million annually per industry. (section 8 of H.R., 3391 amends this provision)

All firm TAA benefits are funded from general revenues through annual appropriations under an authorization of "such sums as may be necessary." The current appropriation level for the program in fiscal year 1983 is $27.5 million.

SUMMARY OF H.R. 3391, AS REPORTED

H.R. 3391, as reported by the Committee on Ways and Means with technical amendments, reauthorizes and amends the trade adjustment assistance programs for workers and firms under the Trade Act of 1974, as amended by the Omnibus Budget Reconciliation Act of 1981. The principal provisions of the bill are as follows:

SECTION 1—GROUP ELIGIBILITY REQUIREMENTS

Section 1 of H.R. 3391 extends for the period of a reauthorized program the existing import causation standard for certification of petitioning groups of workers as eligible to apply for TAA. That standard requires that increased imports "contributed importantly" to significant worker layoffs and sales and/or production declines of the workers' firm or subdivision.

Section 1 also expands the coverage of program certification authority under section 222 of the Trade Act in two respects: (1) to workers in independent firms supplying "essential parts of essential services" to firms or subdivisions producing import-impacted end products; and (2) to workers laid off or threatened with layoff by reason of the relocation of production functions of that firm or subdivision to a foreign country.

The amendments under section 1 would apply to petitions for certification filed on or after date of enactment.

SECTION 2—QUALIFYING REQUIREMENTS

Section 2 amends section 231(a)(2) of the Trade Act to increase the maximum number of weeks of employer-authorized leave or leave to serve as a union representative or of disability covered by workmen's compensation that may be weeks counted toward the minimum 26 weeks of employment in the 52 weeks preceding layoff required for individual certified workers to qualify for TRA benefits. Weeks in which a worker is laid off for any reason if he receives back pay wold also be included as weeks of disability. This amendment would apply to petitions for certification filed on or after date of enactment.

SECTION 3—LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES

Section 3 extends the benefit period under section 233(a)(3) of the Trade Act during which a worker may collect up to 26 additional weeks of TRA benefits while in training, if such training is not ap-

proved until after his exhaustion of basic TRA benefits. This amendment would apply from date of enactment.

SECTION 4—WORKER TRAINING

Section 4 of H.R. 3391 amends worker training provisions under section 236 of the Trade Act in four respects. The Secretary of Labor would be required to approve training if the five statutory conditions under existing law are met, thereby removing lack of sufficient funds as a reason for not approving training. Section 4 adds a clarification to section 236(a)(1) that if funds to pay training costs are not available at the time a worker enters training, such costs shall be paid for as soon as possible from the next appropriation of funds.

Section 4 also amends section 236 to stipulate that the statutory requirement for training approval of a "reasonable expectation of employment" following training does not require the availability or an offer of employment immediately upon training completion.

Finally, section 4 adds a provision for supplemental assistance of $15 per day for each day a worker is in approved training after date of enactment but is not eligible for TRA benefits.

The amendments to worker training under section 4 would apply to workers covered by certifications issued after September 30, 1982.

SECTION 5—TRAINING VOUCHERS

Section 5 of H.R. 3391 further amends the worker training provisions under section 236 of the Trade Act to establish a voucher system as an alternative method to the present program by which a worker may obtain on-the-job or other approved training if certain conditions are met.

SECTION 6—JOB SEARCH AND RELOCATION ALLOWANCES

Section 6 of H.R. 3391 amends section 237 of the Trade Act to increase the maximum job search allowance from $600 to $800 and section 238 of that Act to increase the maximum lump sum allowance for relocation from $600 to $800. These amendments would apply from date of enactment.

SECTION 7—SPECIAL ACCOUNT FOR ADJUSTMENT ASSISTANCE

Section 7 amends section 245 of the Trade Act to establish a Special Account consisting of appropriations from Customs revenues to fund the costs of the TAA programs for both workers and firms. This amendment would apply from date of enactment.

SECTION 8—ASSISTANCE TO INDUSTRY

Section 8 amends section 265 of the Trade Act to permit industry-wide technical assistance based on a substantial number of workers having been certified in that industry, as well as on a substantial number of firms, and to increase the maximum annual amount of technical assistance per industry from $2 million to $10 million. These amendments would apply for date of enactment.

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SECTION 9—ACCOUNT FOR FIRM ASSISTANCE

Section 9 amends section 257(c) of the Trade Act to establish a separate account to be administered by the International Trade Administration in the Department of Commerce consisting of all repayments of loans, interest payments, and other receipts from transactions under the TAA program for firms. These funds shall be used for future loans, loan guarantees, technical assistance, or other functions under the program.

SECTION 10—EXTENSION OF ADJUSTMENT ASSISTANCE FOR WORKERS AND FIRMS

Section 10 of H.R. 3391 amends section 285 of the Trade Act to reauthorize both the worker and firm programs for two years until September 30, 1985.

SECTION 11—EFFECTIVE DATES

Section 11 of the bill contains effective dates as described in the individual sections above.

COMMITTEE ACTION

H.R. 925, to improve worker training under the Trade Act of 1974 and for other purposes, was introduced on January 25, 1983. The Subcommittee on Trade held hearings February 15 on the trade adjustment assistance programs as part of its broader budget hearings on trade agency fiscal year 1984 appropriation requests. At that time, the Subcommittee received testimony from the Departments of Labor and Commerce opposing reauthorization of the worker and firm TAA programs beyond their statutory termination date of September 30, 1983. Representative of the AFL-CIO, the United Auto Workers, and the United Steelworkers of America testified in favor of reauthorizing worker TAA and supported H.R. 925 with additional recommendations for program changes. The Industrial Policy Council, including representatives of individual companies, testified in favor of reauthorizing TAA for firms.

On April 20, the Subcommittee on Trade ordered H.R. 2083, which superseded H.R. 925, favaorably reported to the full Committee on Ways and Means by voice vote with amendments.

On June 22, the Committee on Ways and Means considered H.R. 2083 in markup session and on June 23 ordered H.R. 3391, reflecting amendments to H.R. 2083, favorably reported by nonrecorded vote with technical amendments.

SECTION-BY-SECTION ANALYSIS AND JUSTIFICATION, INCLUDING COMPARISON WITH PRESENT LAW

SECTION 1. GROUP ELIGIBILITY REQUIREMENTS

Section 1 amends section 222 of the Trade Act of 1974, which contains the criteria for certification by the Secretary of Labor of groups of petitioning workers as eligible to apply for TAA benefits.

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Import causation standard

Under the Trade Act of 1974, petitioning groups of workers are certified eligible to apply for TAA benefits if the Secretary of Labor determines increased imports "contributed importantly" to the actual or threatened layoff of a significant number or proportion of workers in the firm or its subdivision and to absolute declines in the sales and/or production of that firm or subdivision. A major amendment to the program in 1981 strengthened the causal link between increased imports and worker layoffs and firm sales and/or production declines from "contributed importantly" to "a substantial cause" (defined as "a cause which is important and not less than any other cause") for petitions filed on or after February 9, 1982. The Miscellaneous Revenue Act of 1982 postponed the effective date of the stronger test until October 1, 1983, i.e., restored the previous standard until the first day of a reauthorized program.

Section 1 of H.R. 3391 furhrer extends the current "contributed importantly" standard (defined as "a cause which is important but not necessarily more important than any other cause") from date of enactment of the bill throughout the two-year period of the reauthorized program.

Certification coverage

Section 1 also contains two amendments of section 222 of the Trade Act of 1974 to expand the coverage of workers who may be certified. These amendments would apply with respect to all petitions for certification filed on or after date of enactment.

1. *Component parts and services.*—Paragraph (3) of section 222 in existing law requires for certification that the Secretary of Labor determine that increased imports of articles "like or directly competitive" with articles produced by the workers' firm or appropriate subdivision thereof "contributed importantly" to the actual or threatened total or partial separation of the workers and to the decline in sales and/or production of the workers' firm or subdivision.

The term "like or directly competitive" article has been interpreted by the courts narrowly to mean that imported finished articles are not like or directly competitive with domestic component parts thereof. As a result of the term "like or directly competitive" and the term "article," workers employed by independent firms producing component parts or supplying services under contract for import-impacted end products cannot be certified under current law unless increased imports of the parts themselves, rather than of the finished article, are an important cause of their layoff.

However, if the firm is vertically integrated, workers in a subdivision or affiliate producing component parts or supplying services to an import-impacted article produced by that same company are also certified if there is substantial integration of the operation. This determination is based in administrative practice on whether 25 percent or more of output is used in the production of the particular import-impacted article. If those workers in a multi-product firm associated with the particular component or service cannot be separately identified, the whole subdivision is certified if there is substantial dependency of its output. In sum, certification under

current law of workers supplying parts or services depends on the corporate structure and ownership of the firm where they are employed rather than on the impact of imports on what they produce.

For example, under existing law, the workers in a firm which supplies shoe heels to a shoe factory, or the worker in a firm which supplies car bumpers to an automobile manufacturer, cannot be certified, notwithstanding increased imports of shoes or automobiles, because shoe heels are not "like or directly competitive" with shoes, or car bumpers with automobiles. Yet if the shoe heels or the car bumpers are manufactured by the shoe manufacturer or the auto manufacturer, in a subsidiary, an affiliate, or an "appropriate subdivision" of the firm, the workers can be certified.

The Committee believes this inequity and anomaly in existing law should be corrected which permits workers producing component parts of providing services in integrated manufacturing companies to receive benefits but precludes certification to workers in independent companies supplying the same components or services by contract. The Committee does not intend, however, that the inclusion of component parts or services with respect to eligibility for adjustment assistance have any bearing on current International Trade Commission (ITC) practice with respect to the scope of "like or directly competitive" articles in import relief cases.

Paragraph (1) of section 222 of the Trade Act as amended by section 1 would require the Secretary of Labor to certify groups of workers as eligible to apply for TAA if he determines that increased imports of articles like or directly competitive with articles produced by the workers' firm or appropriate subdivision thereof (i.e., end products) or to which the workers' firm or subdivison provides "essential parts or essential services," "contributed importantly" to their actual or threatened layoffs and to absolute sales and/or production declines in the firm or subdivision. In other words, the amendment applies the "contributed importantly" test directly to firms or subdivisions producing parts and services as well as to the end product for purposes of establishing a causal link with increased imports. This language is identical to that included in H.R. 1543 passed by the House in the 96th Congress.

The amendment would permit workers in an independent firm or subdivision supplying essential parts or services to be certified even if workers producing the end product in the firm or subdivision they supplied have not received prior certification. However, the Committee does not intend that workers in an independent firm or subdivision supplying parts or services be certified unless the firm or subdivision they supplied has been import-impacted with respect to the particular end product. Workers in an independent firm or subdivision supplying parts or services will be certified if the Secretary is satisfied, notwithstanding that a prior certification has not been issued, that increased imports of an article like or directly competitive with the end product contributed importantly to employment and sales and/or production declines in the firm supplied with respect to that particular end product.

Any determinations by the Secretary regarding certification of a group of workers in a firm or subdivision producing an end product are to be made pursuant to a petition on behalf of such workers. The filing of a petition on behalf of a group of workers in an inde-

pendent firm which supplies essential parts or services does not authorize the initiation of an investigation of other independent firms for purposes of making certifications.

The Committee recognizes that, in the absence of further interpretation, the amendment could potentially lead to a considerable broadening of program coverage to workers in firms or subdivisions supplying parts and services to firms or subdivisions whose workers have been or may be determined importantly impacted by increased imports Therefore, the Secretary should establish guidelines—commonly applicable to workers employed in intergrated establishments or in independent supplier firms—for determining that increased imports "contributed importantly" to employment and sales declines in the firm producing the end product. While the Committee did not require application of a specific arithmetic test, it does intend that equal treatment be provided workers in independent firms supplying the same component parts or services as those in substantially integrated operations currently certified. The guidelines should establish that a directly and significant supplier relationship exists and that directly identifiable employment in the supplier firm is dependent on the continued production of the product adversely affected by increased imports. The Secretary should also consider the extent to which sales and/or production declines in the supplying firm can be attributed to sales and/or production declines in the firm producing the end product.

It would be expected that measurable decline in sales and/or production of the part or service could be related to declines in sales and/or production of the end product and that declines associated with cyclical, seasonal, technological, or other events not directly related to increased imports would be discounted.

In cases where workers cannot be specifically identified as producing the particluar part or service, if, after considering all of the above factors, it can be shown that increased imports are an important cause of significant unemployment in the supplying firm, the Secretary shall certify workers in such plants as eligible to apply. However, the Secretary shall not certify workers if the level of plant employment is so large relative to employment declines that might be associated with the adverse impact of import competition and workers directly affected by such competition cannot be specifically identified.

The Committee intends that a supplying firm or subdivision must provide one or more parts, which are essential to the production, i.e., the fabrication, processing, transformation, or assembly of an end product. "Essential parts" would include component parts of end products or articles consumed in the production process and which becomes an integral part of an end product, such as heels for shoes, original equipment batteries or spark plugs for automobiles, glass envelopes for TV picture tubes, glue used in the assembly of shoes, yarns used in the weaving of cloth, or iron ore used in the production of steel. It would also include machinery or equipment necessary to production of an end product, such as textile printing plates, sewing machines for an apparel factory, rollers for a steel rolling mill, engraved copper rollers to print fabric, or a furnace for a glass plant.

The Committee does not intend that the definition be construed so broadly as to cover articles which are related to but not required for, or an intergral part of, the production of an end product. Consequently, it would not encompass articles used in the provision of services, such as food vending machines or trucks or railroad cars for the transport of raw materials or finished goods.

The Committee intends that a supplying firm or subdivision must provide a service which is essential to the production (i.e., the fabrication, processing, transformation, or assembly) of an end product. Under the Department of Labor's interpretation of the current language of paragraph (3) of section 222, such activities as the dyeing and printing of fabric and the tanning of hides have been regarded as the production of articles. The term "essential services" would include such activities as the inspection, sponging and shrinking of fabric, the job shop galvanizing of metal objects or the machining of metal parts. It would also include such storage, transportation or other services as the shipment of new cars to dealers by common carrier, the delivery of iron ore to steel mills, or the warehousing of footwear.

The Committee does not intend that the definition be construed so broadly as to cover services which are related to but not required for, or an integral part of, the production of an end product. Consequently, the definition would not encompass such services as wholesaling, retailing, banking, insurance, adverstising, or utilities provided to the firm or pertaining to the end product, nor is it intended to encompass such services as food, health, or sanitation provided on a contract basis to the workers in the firm producing the end product.

It is the intent of the Committee that if a firm supplies a part or a service, which itself is subject to direct import competition, the Department of Labor should make a determination either on the basis of direct import competition or on the basis of the firm's status as a supplier of a part or service to the firm producing the end product, whichever is the more favorable in terms of the workers' prospects for timely certification of eligibility to apply for trade adjustment assistance. Certification of workers in a firm or subdivision supply parts or services to a firm producing an end product cannot establish, however, a casual link with increased imports for purposes of certifying in turn a chain of other firms which provide components or services to that suppying firm, i.e., only the first tier supplying firm can be certified, not suppliers of suppliers unless they also supply the firm producing the end product directly.

2. *Relocation overseas.*—Paragraph (2) of section 222 of the Trade Act as amended by section 1 expands certification coverage to workers in a firm or subdivision who are laid off or threatened with layoff "by reason of the relocation of the production functions of that firm or subdivision to a foreign country."

Because the statute requires that increased imports be an important cause of layoffs, the current program does not cover workers laid off as a result of plant relocations overseas unless increased imports of the particular article produced by that firm or subdivision preceded its closing and move. Paragraph (2) of section 222 as added by the bill would enable workers to be certified who are af-

fected by actual or threatened layoff because of relocation of production functions of the firm or subdivision overseas, equally as much as workers whose layoff was preceded by increased imports. Workers may also be certified under the provision irrespective of whether relocation replaces exports or results in increased imports. However, the firm or plant closing must be accompanied by the transfer of its production functions overseas; the mere closing of a company or plant would not meet the requirements for certification.

SECTION 2. QUALIFYING REQUIREMENTS

Section 231(a) of the Trade Act of 1974 requires that an individual worker covered by a certification have at least 26 weeks of employment at weekly wages of $30 or more in adversely affected employment during the 52 weeks preceding layoff to be eligible for TRA benefits. The purpose of these requirements is to demonstrate sufficiently long-term attachment to the labor force to warrant additional unemployment benefits. As amended in 1981, qualifying 26 weeks may included:

Up to 3 weeks of employer-autorized leave for vacation, sickness, injury, maternity, military, or to serve as full-time union representative; or

Up to 7 weeks of disability covered by workmen's compensation; or

Up to 7 weeks combining disability and not more than 3 weeks of employer-authorized or union leave.

Section 2 of H.R. 3391 amends section 231(a)(2) of the Trade Act to increase the maximum number of weeks that may be counted as weeks of employment toward the 26-week minimum preceding layoff to 7 weeks for employer-authorized or union leave; to 26 weeks for disability; and to 26 weeks combining disability and leave, of which qualifying leave cannot exceed 7 weeks. Up to 26 weeks of layoff "for any reason" if the worker received back pay for the layoff could also be counted as qualifying weeks. As provided under section 11(a), this amendment would apply to petitions filed on or after date of enactment.

The changes made by section 2 are intended to ensure that workers with many years of service are not denied TRA eligibility simply because they did not have the requisite number of weeks on-the-job in the particular one-year period preceding their layoff by reason of events beyond their control or authorized leave to which they were entitled.

SECTION 3. LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES

Section 3 amends to benefit period under current law during which a worker may collect an additional 26 weeks of TRA benefits beyond the basic 52 weeks of TRA and UI combined while in training. Under section 233(a)(3) of the Trade Act of 1974 as amended in 1981, the additional 26 weeks benefits can be collected only during the 26-week period immediately following the week the worker exhausts his entitlement to basic TRA benefits (i.e., the 52-week period after exhausting regular UI). Because of delays in certification or delays in approval of training by the State employment

service, workers are often denied some or all of the extra 26 weeks of TRA by the time they can enter training. As a result, through no fault of their own, these workers may not be able to afford training.

Section 3 of H.R. 3391 amends section 233(a)(3) of the Trade Act to enable workers under such circumstances to receive the additional TRA benefits by begining the 26-week collection period with the first week the worker is in training if that training has not been approved until after the last week of entitlement to basic TRA benefits. This provision would apply from date of enactment of the bill. The present law would continue to apply in all cases not involving administrative delays in certifying workers or in approving their training.

SECTION 4. WORKER TRAINING

Section 4 of H.R. 3391 amends the worker training provisions of section 236 of the Trade Act of 1974 as amended in 1981 in four respects. The amendments would apply to workers covered by certifications issued after September 30, 1982. As provided under section 11(b) as amended, present law would continue to apply with respect to workers seeking training covered by certifications issued on or before September 30, 1982. The purpose of this limited retroactive application is to enable workers certified in recent months and therefore most likely to be still unemployed and in need of training to seek it under the new provisions.

In the view of counsel to the House Committee on the Budget, the amendment concerning training approval does not create new entitlement authority for purposes of the Congressional Budget Act since the threshold criteria are so subjective that training is only approved for a worker if the Secretary so determines in his discretion that the worker meets these standards. Similarly, the supplemental assistance benefits provided under section 4 do not constitute entitlement authority for purposes of the Budget Act since these benefits would not vest until the Secretary approves a worker for training under the subjective criteria of section 236(a)(1).

Training approval

Under section 236(a)(1) of the Trade Act as amended in 1981, the Secretary of Labor has discretionary authority to approve or not approve training for an individual worker if he determines that the worker qualifies under the following five statutory criteria:

(a) there is no "suitable employment" available (defined as work of "a substantially equal or higher skill level" at wages not less than 80 percent of the worker's average weekly wage in his previous job);

(b) the worker would benefit from appropriate training;

(c) there is a reasonable expectation of employment following completion of such training;

(d) approved training is available to the worker from governmental agencies or private sources; and

(e) the worker is qualified to undertake and complete such training.

However, under 1981 amendments, the worker became entitled to payment of the training costs on his behalf if the Secretary does approve the training.

A Department of Labor directive to the State agencies in November 1981 and current regualtions prohibit any State agency from approving training for a worker if funds allocated to the State to pay for training costs would be exceeded since the Anti-Deficiency Act prohibits obligation of Federal funds in excess of appropriations actually available at the time. Consequently, a worker also cannot be approved for training he is willing to self-finance if Federal funds are not available, since approval creates an entitlement to payment for such costs.

Section 4 of the bill would retain the five subjective criteria in present law which the Secretary must determine are met for an individual worker to qualify for training. However, paragraph (1) of section 4 amends section 236(a)(1) of the Trade Act to require the Secretary to approve such training if he determines the worker does meet these five standards. The purpose of the amendment is to remove lack of funds as a reason for not approving training for individual workers who would otherwise qualify. As under present law, a worker approved for training would then be entitled to payment of the training costs and could receive up to 26 weeks of additional TRA benefits if the application time limit has been met. A worker could also self-finance approved training pending availability of appropriations.

Training costs

Paragraph (2) of section 4 makes clear that if funds necessary to pay training costs, to which a worker is entitled once training is approved, have not been appropriated at the time the worker actually enters the training, such costs will be paid for as soon as possible from the next appropriation of funds for training. The purpose of this addition to section 236(a)(1) of the Trade Act is to ensure that workers who enter training at a time when funds have either run out or have not yet been appropriated for the fiscal year will be reimbursed for such costs as soon as funds do become available. The provision is intended to preclude a recurrence of the type of situation in which the Department of Labor did not use funds appropriated in a subsequent fiscal year to pay the training costs of workers who entered and self-financed approved training in the preceding fiscal year when funds were not available. The amendment would apply only to costs of training for workers who have actually begun the training at a time when funds were not available.

Employment expectation

Paragraph (3) of section 4 adds a stipulation to section 236(a)(1) of the Trade Act that the statutory requirement for training approval under subparagraph (C) of "a reasonable expectation of employment" following completion of training does not require that employment opportunities be available or offered to the worker immediately upon his completing training.

The purpose of this amendment is to ensure that the absence of a prior guarantee of employment immediately upon completing

training is not used as basis for denying training approval. However, the Committee also intends that training programs be approved only if they provide education or job skills applicable and suitable to today's employment market, not ancient or obsolete skills for which there is no demand or employment opportunities available.

Supplemental assistance

Paragraph (4) of section 4 of H.R. 3391 adds a new subsection (d) to section 236 of the Trade Act to require the Secretary of Labor to pay a supplemental assistance benefit of $15 per day for each day a worker is in approved training but is not eligible for TRA benefits. Any worker who begins approved training after date of enactment of the bill could receive this assistance as long as that worker is not eligible for TRA during any or all of his training period.

The purpose of providing this minimal financial assistance is to enable workers to obtain training who would otherwise be unable to do so because they are not eligible for other income support payments. The provision would apply primarily to workers covered by certifications issued between October 1, 1982 and date of enactment, whose training is approved after date of enactment and who have passed either the filing dateline for additional TRA benefits or the period for collecting them while in training. This supplemental assistance would also be available to workers newly certified after the bill is enacted who exhaust their TRA benefit entitlement prior to completing training.

SECTION 5. TRAINING VOUCHERS

Section 5 further amends the worker training provisions under section 236 of the Trade Act by adding a mew subsection (c) to provide an additional, alternative method by which workers may obtain training. A worker eligible for training under section 236(a), instead of obtaining accordance with the voucher system under new subsection (c). A worker cannot obtain training under both methods unless traning is no longer available under the worker's original election for reasons beyond his control.

Under the current program, and individual worker is generally place by the State employment agency as a result of counseling, agency has arranged with employers or institutions. The primary purpose of the voucher system is to provide and individual worker greater flexibility in seeking training on his own, with or without using program employment services, which he believes most suitable to his needs, and to encourage private employers and educational institutions to provide greater training opportunities. At the same time, the issuance of vouchers is subject to the Secretary of Labor finding various subjective criteria are met, similar to the standards for training approval under subsection (a), in order to ensure that the system is used for legitimate and beneficial purposes.

If a worker finds on-the-job or other training he considers appropriate, he may apply under paragraph (2) of subsection (c) to the Secretary for a voucher to cover the costs of the training. In the case of on-the-job training, the voucher would cover only the costs directly incurred by the provider for training purposes.

The Secretary shall issue a voucher obligating the United Stated to pay the training costs to the provider if the following statutory conditions under paragraph (3) are met:

1. He approves the training for which the worker applied; and

2. He finds that (a) suitable employment for the worker is not available, (b) the worker is not already qualified for the job for which training is sought, and (c) there is a reasonable expectation of employment after completion of the training. A technical amendment makes clear Committee intent that the requirement of a reasonable expectation of employment is not limited to cases of training on the job or restricted to permanent employment with the provider of the training. The standards under subsection (c) should be interpreted in the same manner as similar criteria under subsection (a).

Actual payment of training costs to the provider would be made on a quarterly basis subject to the provider certifying to the Secretary that the worker's attendance and progress in the training have been satisfactory and the worker certifying as to his actual training and employment in the case of on-the-job training during each quarter. A provider of on-the-job training must also certify periodically that the worker's training will not result in displacement (including partial displacement) of currently employed workers or has not resulted from laying off or termination of a regular employee to create a job opening.

The provisions of section 236 (a)(2) and (b) would apply to workers using the voucher system under subsection (c). Workers in training under the voucher system could also receive the additional 26 weeks of TRA benefits under the provisions of section 233(a)(3).

SECTION 6. JOB SEARCH AND RELOCATION ALLOWANCES

Under section 237 of the Trade Act, workers meeting certain eligibility requirements can be reimbursed for 90 percent of their necessary job search expenses up to a maximum of $600. Relocation allowances to eligible workers under section 238 of the Trade Act consist of 90 percent of reasonable and necessary expenses incurred in transporting a worker and his family and household effects, plus a lump sum payment of three times the worker's average weekly wage, up to a maximum of $600. These maximum limits were increased from $500 to $600 under the 1981 amendments to the program.

Section 5(a) of H.R. 3391 amends section 237(a)(1) of the Trade Act to increase the maximum job search allowance from $600 to $800. Subsection (b) amends section 238(d)(2) of that Act by increasing the maximum lump sum payment for relocation from $600 to $800. These provisions apply from date of enactment. The purpose of the increases is to reflect rising costs and to encourage greater worker mobility to reemployment opportunities which may exist beyond their present commuting distance.

SECTION 7. SPECIAL ACCOUNT FOR ADJUSTMENT ASSISTANCE

Section 245 of the Trade Act prior to 981 amendments mandated establishment of a trust fund with an authorization of such funds

as necessary from customs duties not otherwise appropriated to carry out the trade adjustment assistance program for workers.

The Office of Management and Budget never established the trust fund on the grounds that it was not necessary or a genuine trust fund since such sums as necessary were merely authorized to be deposited in it from Treasury general revenues, of which customs duties are a part, subject to the normal appropriation process. Section 245 was amended in 1981 to simply provide an authorization of such sums as may be necessary to implement the program.

Section 7 of H.R. 3391, amending section 245 of the Trade Act, is designed to ensure that a special account will in fact be established from customs revenues to fund the costs of both the worker and firm TAA programs. The basic purpose of the provision is to provide a linkage between revenues generated by imports and the adjustment assistance they necessitate for certain segments of the economy.

Subsection (a) establishes in the Treasury of the United States a Special Account for Adjustment Assistance consisting of such funds as may be appropriated to it as provided under subsection (b).

Subsection (b), as amended, appropriates into the account 2.6 percent of customs duties actually collected in fiscal year 1983 and 1.8 percent of customs duties actually collected in fiscal year 1984 to be used for program expenses in fiscal year 1984 and 1985, respectively. These amounts reflect budget authority estimates provided the Committee by the Congressional Budget Office (CBO) totalling $217.0 million in fiscal year 1984 and $163.0 million in fiscal year 1985 to funds the existing TAA programs as well as H.R. 3391, minus $1.5 million in fiscal year 1984 and $2.5 million in fiscal year 1985 for inflationary growth in the firm program. The percentage levels include for the current worker program a $40 million baseline assumption for TRA entitlements in both years plus budget authority of $26 million in fiscal year 1984 and $28 million in fiscal year 1985 for training costs; they reflect $122 million in fiscal year 1984 and $65 million in fiscal year 1985 as the estimated cost of amendments of the worker program in H.R. 3391. The current fiscal year 1983 funding level of $27.5 million is assumed for the firm program in both years, which is the level recommended by the Committee to the House Committee on the Budget for inclusion in the First Concurrent fiscal year 1984 Budget Resolution. The percentages are based upon estimated total customs receipts of $8,398 million in fiscal year 1983 and $9,126 million in fiscal year 1984, based on April 1983 updates of the President's Budget for fiscal year 1984. The figures in subsection (b) as introduced were amended to reflect these updates and final CBO cost estimates.

Of the total precentage levels, $111 million in fiscal year 1984 and $56 million in fiscal year 1985 would be available for costs of training, employment services, and supplemental assistance and job search and relocation allowances; $27.5 million would be available in each fiscal year to fund the firm program. The purpose of specifying these dollar amounts based on current CBO cost estimates for these particular purposes is to indicate to the House and Senate Committees on Appropriations the desire of the authorizing committee for budget line items allocating funds for these functions. In some previous years appropriations for these provisions

have been subject to discretionary allocations from larger funding categories.

If initial appropriations into the account are exceeded during any fiscal year, subsection (b) appropriates additional sums to the special account equivalent to the percentage of customs duties collected in the preceding fiscal year as may be require. The purpose of this provision is to obviate the need to obtain additional appropriations into the account from the authorizing committees in addition to the required action by the Appropriations Committees if supplemental funding is necessary within a fiscal year.

Subsection (c) of section 245 as amended specifies that amounts in the special account shall be available as provieded by appropriation Acts only for expenditures to carry out the worker and firm TAA programs. The purpose of this provision is to make clear that the actual funding levels for the worker and firm TAA programs, except for the additional funds available under section 9 for the firm program, will continue to be subject to approval by the Congress of legislation providing appropriations. The authorizing committee is appropriating specific amounts into authorizing committee is appropriating specific amount into the special account form customs duty collections sufficient to cover estimated costs of these programs as a means to ensure that this particular source of general revenues is utilized for this purpose. The amounts so appropriated into the account do not constitute entitlements or establish or limit actual funding levels for appropriations out of the account, which remain within the legislative jurisdiction of the Committees on Appropriations and subject to the approval of Appropriation Acts by the House and Senate.

Subsection (d) requires the Secretary of the Treasury to pay into the Treasury general fund at the end of each fiscal year all funds in the special account not needed for expenditures of the TAA programs.

Subsection (e) requires the Secretary of the Treasury to report to the Congress by March 1 of each year on the actual operation and status of the account during the preceding fiscal year.

SECTION 8. ASSISTANCE TO INDUSTRY

Section 8 of H.R. 3391 as reported changes the eligibility requirements for industry-wide technical assistance for research and development under the trade adjustment assistance program for firms.

Section 265 of the Trade Act, added as part of the 1981 program amendments, authorizes the Secretary of Commerce to provide technical assistance on an industry-wide basis through existing agencies, private individuals, firms, universities, and institutions, and by grants, contracts, or agreements to trade associations, labor unions, or other nonprofit industry organizations whose membership includes a substantial number of firms who have been certified eligible to apply for TAA.

The focus of this program is different from the technical assistance available on a firm-by-firm basis. While technical assistance for an individual firm is furnished primarily to assist that firm in petitioning for TAA and/or in developing and carrying out its own

economic adjustment plan, industry-wide technical assistance is designed to support new product development, new process development, export development, and other activities that enhance the future competitive position of entire industries in transition. Current law limits this kind of technical assistance, however, to $2,000,000 annually per industry.

Section 8 of H.R. 3391 amends section 265 in two respects: Paragraph (1) amends subsection (a) to extend eligibility for industry-wide technical assistance to industries in which a substantial number of workers have been certified for trade adjustment assistance. Currently, an industry is eligible for technical assistance only if a substantial number of firms within that industry have been certified. In many cases, however, many workers within an industry may be certified as import impacted yet firms in the same industry chose not to petition for TAA or were not certified. The amendment would allow an industry to receive technical assistance if a substantial number of firms or workers have been certified.

Paragraph (2) of section 8 amends section 265(b) to increase from $2,000,000 to $10,600,000 the amount of assistance that can be provided annually to a single industry. Both changes are intended to make available technical assistance funds to basic industries where it can serve as "seed" money for research and development essential to the restructuring and revitalization of those basic industries.

Technical assistance for industry-wide programs for new product development, process development, export development, or other uses consistent with supporting an industry's adjustment to import competition should include those projects associated with next generation research and development. Such projects designed to improve significantly an industry's overall competitiveness and to ensure its future long-term viability should be given priority over programs that provide only marginal improvements in an industry's immediate competitive position.

SECTION 9. ACCOUNT FOR FIRM ASSISTANCE

Section 9 of H.R. 3391 amends section 257(c) of the Trade Act of 1974 relating to repayment of loans made to firms for adjustment purposes and other receipts associated with the functions of the firm program. Under current law, all repayments of loans, payments of interest and other receipts arising out of transactions entered into by the Secretary pursuant to the trade adjustment assistance program for firms are to be made available for future loans or other functions of the program. Administrative expenses incurred in connection with such functions also can be covered by such payments.

Although section 257 requires that repayments and receipts associated with past loans be available for future loans or other types of assistance to firms, in practice the monies have only been made available indirectly to the extent that equivalent amounts are included in annual appropriations. No separate accounting is made of these funds, and no procedures exist for matching incoming funds with new program needs. At present, the Economic Development Agency (EDA), which has no authority over any other aspect of the trade adjustment assistance program, administers the collection of

repayments on past loans and pays such receipt to the U.S. Treasury.

Section 9 amends section 257(c) to require that a separate account be established into which all loan repayments, interest payments and other receipts arising from the firm program shall be paid. The funds which then accumulate in this separate account, both from past loans and from any future loans, must be expended for future loans, loan guarantees, technical assistance or other functions providing adjustment assistance to firms. It is the Committee's expectation that such future assistance be focused on improving research and development efforts that will serve to improve a firm or industry's overall competitiveness. It is the Committee's intention that the funds in the separate account be expended in addition to any funds that may be appropriated on an annual basis.

Section 9 also transfers the authority to collect and account for repayments and other receipts from EDA to the International Trade Administration (ITA) in the Department of Commerce. The ITA curently administers the trade adjustment assistance program for firms, including the approval of new loans, loan guarantees, or grants that cover the costs of technical assistance. It is appropriate that ITA should also administer incoming funds given the new requirement that these funds must be expended for firm assistance. The Committee intends that the administration of all outstanding loans be transferred to the ITA and that EDA will no longer have responsibility for any trade adjustment assistance functions.

SECTION 10. EXTENSION OF ADJUSTMENT ASSISTANCE FOR WORKERS AND FIRMS

Section 10 of H.R. 3391 amends section 285 of the Trade Act to reauthorize both the worker and firm trade adjustment assistance programs for two years until September 30, 1985.

SECTION 11. EFFECTIVE DATES

Section 11 of H.R. 3391, as amended, contains effective dates for the individual sections described above. The amendments made by sections 1 and 2 apply to all petitions for certification filed under section 221 of the Trade Act on or after date of enactment of H.R. 3391. Technical amendments correct an error in the bill as introduced to reflect the Committee's decision to apply amendments under section 2 from date of enactment rather than retroactively to September 30, 1982.

The amendments made by section 4 apply to workers covered by certifications issued under section 222 of the Trade Act after September 30, 1982. Section 236 under present law would continue to apply to workers covered by certifications issued on or before September 30. Sections 3, 5, 6, 7, 8, and 9 apply from date of enactment.

VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative

to the vote of the Committee in reporting the bill. H.R. 3391 was ordered favorably reported by the Committee, with technical amendments, by a nonrecorded vote.

Oversight Findings

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives relating to oversight findings, the Committee has concluded, as a result of its oversight hearings and review of the operation of the trade adjustment assistance programs, that their reauthorization is a necessary component of national trade policy with amendments to further strengthen training and other adjustment measures.

With respect to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in this bill.

Budgetary Authority and Cost Estimates, Including Estimates of Congressional Budget Office

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 3391 provides new budget authority but does not provide any new or increased tax expenditures. The Committee agrees with the cost estimates provided by the Congressional Budget Office.

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(B) and (C) of rule XI of the Rules of the House of Representatives, the Committee provides below information furnished by the Congressional Budget Office on H.R. 3391, and required to be included herein:

U.S. Congress,
Congressional Budget Office,
Washington, D.C., June 28, 1983.

Hon. Dan Rostenkowski,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 3391, a bill to improve worker training under the Trade Act of 1974, and for other purposes, as ordered reported by the House Committee on Ways and Means on June 23, 1983.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

Alice M. Rivlin, *Director.*

Congressional Budget Office—Cost Estimate

1. Bill number : H.R. 3391.

2. Bill title: A bill to improve worker training under the Trade Act of 1974, and for other purposes.

3. Bill status: As ordered reported by the House Committee on Ways and Means, June 23, 1983.

4. Bill purpose: The bill would amend the Trade Act of 1974. First, it would change the certification criteria in several respects. Workers in firms supplying essential inputs to firms whose products are primary trade impacted would be eligible for trade adjustment assistance (TAA) benefits. Import increases would in the future only need to "contribute importantly" to job separations rather than be "a substantial cause of" such separations, as under current law. Workers who lose their jobs as a result of their plants' moving overseas would be eligible for TAA benefits. Second, the training provisions would be substantially altered. Subject to certain conditions established by the 1981 Omnibus Reconciliation Act, the Secretary of Labor would be mandated to finance training for future and certain past (those certified under petitions approved after September 30, 1982) TAA claimants who wish it. A supplemental assistance benefit of $15.00 per day of training would be authorized for those workers who have exhausted their eligibility to TAA benefits. Third, the maximum job search and relocation allowance would be raised from $600 to $800. Fourth, the bill would establish a trust fund to finance trade adjustment expenditures from customs duties. Fifth, the bill would establish a voucher system by which a worker could elect to receive on-the-job training and have that training paid for by the Department of Labor (DOL). Sixth, the bill would reauthorize the TAA program through fiscal year 1985.

5. Estimated cost to the Federal Government: This bill would result in additional future liabilities through an extension of existing entitlements that would require subsequent appropriation action to provide the necessary budget authority. The figures shown as "Required Budget Authority" represent an estimate of the additional budget authority needed to cover the estimated outlays that would result from enactment of H.R. 3391.

[By fiscal year, in millions of dollars]

	1983	1984	1985	1986	1987	1988
Secondary workers TAA benefits:						
Required budget authority	2	28	28			
Estimated outlays	2	28	28			
Worker training:						
Impact on TAA benefits:						
Required budget authority		9	9			
Estimated outlays		9	9			
Training funds and supplemental assistance benefits:						
Estimated authorization level	5	85	28			
Estimated outlays	5	85	28			
Job search relocation allowances:						
Estimated authorization level		(1)	(1)			
Estimated outlays		(1)	(1)			
Reauthorization of current program:						
Cash benefits:						
Required budget authority		40	40			
Estimated outlays		40	40			

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	1983	1984	1985	1986	1987	1988
Employment services:						
Estimated authorization level		26	28			
Estimated outlays		25	27			
Firm assistance:						
Estimated authorization level		29	30			
Estimated outlays		24	29	2	−2	−2
Total:						
Required budget authority/authorization level	7	217	163			
Estimated outlays	7	211	161	2	−2	−2

[1] Less than $500,000.

The costs of this bill fall within budget functions 370, 500, and 600.

BASIS FOR ESTIMATE

The estimate of the impact of the provision granting eligibility to individuals who work for firms supplying parts or services to primary trade impacted firms is made by first distributing the forecasts of future year's TAA claimant population by major industries. With the aid of a Bureau of Labor Statistics input-output table, the number of secondary workers for each primary worker are then estimated. The estimated number of secondary workers is 8,350 and 8,100 for fiscal years 1984 and 1985. These estimates are then multiplied by projected average weekly TAA benefit amount and projected average duration of benefit receipt.

Due to the fact that the worker training section of this bill combines several elements, the outlay impact of these various components is separated below.

[By fiscal year, in millions of dollars]

	1983	1984	1985	1986	1987	1988
Provision of training funds:						
Prospectively:						
Primary workers	3	17	16			
Secondary workers	2	12	11			
Retrospectively		29				
Impact on TAA benefits:						
Primary workers		5	5			
Secondary workers		4	4			
Authorization of supplemental assistance benefits:						
Prospectively		1	1			
Retrospectively		26				
Total—worker training	5	94	37			

H.R. 3391 mandates the Secretary of Labor to finance training for TAA claimants. This training must be made available not only to workers certified after enactment of this bill (prospective), but also to workers certified after September 30, 1982 but before enactment of the bill (retrospective). There will be additional training costs for both groups. In addition, since any worker enrolled in a training program would be entitled to up to 26 weeks of additional TAA benefits, the added training would also result in an increase in benefit payments.

The estimate of the number of prospective TAA beneficiaries who would take advantage of the liberalized training provisions is made by taking 40 percent of the number of both primary and secondary workers who CBO estimates would be receiving TAA in future years. This particular proportion is approximately the fraction of those TAA beneficiaries who applied for employment services in past years. The estimates are then reduced by five percent to reflect the fact that because of criteria established by the 1981 Omnibus Reconciliation Act not all claimants who wish training will qualify for it. The estimated number of primary trade impacted workers who would be affected by this provision are 4,560 and 4,430 in fiscal years 1984 and 1985. The estimated numbers of secondary trade impacted individuals affected by the provision are 3,170 and 3,080 in fiscal years 1984 and 1985. The estimated number of trainees are then multiplied by estimates of the training costs per person which are $3,700 and $3,875 in fiscal years 1984 and 1985.

The estimate of the number of TAA claimants covered by petitions approved after September 30, 1982 and before the date of enactment who would now seek training is made by taking the number of workers who have applied for employment services from October 1982 through March 1983, extrapolating this number through the end of the year, reducing it by the number of individuals DOL expects to approve for training by the end of the current fiscal year, and further decreasing it to account for those workers who are covered by certifications approved before October 1, 1982. The estimated number of such individuals is 8,040; the estimated training cost per person is $3,700.

The estimate of the number of trainees who would draw additional weeks of cash benefits is made by taking 30 percent of both primary and secondary workers who are estimated to be beneficiaries in future years. This is the fraction of TAA claimants who in past years applied for but did not receive DOL financed training. It is further assumed that the normal training period is one year; that most trainees begin training at about the 30th week of benefit receipt; that 80 percent of all trainees would remain in training and therefore become eligible for additional weeks of benefits past the 52nd week of benefit receipt; and that 40 percent of these persons would train for the total one year period.

The provision authorizing a $15.00 per day stipend for those trainees not receiving TAA benefits is estimated to affect both the retrospective trainees covered past certifications as well as those prospective trainees who are assumed to be in training for a full year and therefore exhaust their benefit entitlements. With respect to both groups, the same training period distribution assumptions as stated above are used.

The search and relocation provision would raise the maximum allowance available for such purposes from $600 and $800 per worker. The estimate of the impact of increasing the maximum is made by multiplying the number of workers believed to receive such services in each future year by $200 in the case of the relocation lump sum payment and by $60 in the case of the job search allowance. Most relocation lump sum allowances are for the maximum award. However, since the average job search allowances is

only about a third of the maximum, raising the maximum by $200 would be expected to increase the average by about $60. The total estimated impact of this provision is less than $500,000 for each year.

The provision establishing a voucher system to permit a worker to elect to receive DOL financed on-the-job training is also not expected to have a fiscal impact. Those workers who elect to have their training so financed would simply substitute for workers who obtain institutional training and no additional outlays would be spent. There would be further administrative costs resulting from the requirement that certain employment conditions be met, but according to DOL, these would be less then $500,000 per year.

CBO is not including an estimate of the fiscal impact of two of the changes in certification criteria because of the lack of data upon which to base such an estimate. Both provisions, however, probably have positive costs associated with them. As a result of the 1981 Omnibus Reconciliation Act, the certification criteria were changed so that imports must "substantially cause" rather than "contribute importantly" to job losses; this bill seeks to reverse this change. However, because other substantial changes to TAA occurred at the same time as the certification standard change, it is not possible to separate out the fiscal impact of this particular language change. In addition, because no data exist relating to the exodus of firms overseas, it is not possible to estimate the cost associated with the second certification change.

Reauthorization of the current law program through fiscal year 1985 is assumed in the CBO baseline.

For purposes of this cost estimate, the estimated authorization level for trade adjustment assistance to firms reflects CBO's baseline assumptions for this program, which is administered by the International Trade Administration (ITA) in the Department of Commerce. In fiscal years 1984 and 1985, it is assumed that approximately $13.1 million and $13.8 million, respectively, would be available for direct loans. The ITA share of the guarantee loan program is assumed to be an estimated $29.8 million in 1984 and $31.2 million in 1985. Outlays in each fiscal year reflect disbursements for direct loans and guarantee repurchases, offset by loan repayments.

6. Estimated cost to State and local governments: The Congressional Budget Office has determined that the budgets of state and local governments would not be affected directly by the enactment of this bill.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Richard Hendrix, Mary Maginniss.

10. Estimate approved by: C. G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

Inflationary Impact Statement

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 3391, which involves estimated budget authority or authorization levels of $7 million in fiscal year 1983, $217.0 million in fiscal year 1984, and

$163.0 million in fiscal year 1985, would not have an inflationary impact on prices and costs in the operation of the general economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TRADE ACT OF 1974

TABLE OF CONTENTS

TITLE I—NEGOTIATING AND OTHER AUTHORITY

* * * * * * *

TITLE II—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

* * * * * * *

CHAPTER 2—ADJUSTMENT ASSISTANCE FOR WORKERS

* * * * * * *

Subchapter C—General Provisions

Sec. 239. Agreements with States.
Sec. 240. Administration absent State agreement.
Sec. 241. Payments to States.
Sec. 242. Liabilities of certifying and disbursing officers.
Sec. 243. Recovery of overpayments.
Sec. 244. Penalties.
Sec. 245. [Creation of trust fund; authorization of appropriations out of customs receipts.] *Special account for adjustment assistance.*

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TITLE I—NEGOTIATING AND OTHER AUTHORITY

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TITLE II—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

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CHAPTER 2—ADJUSTMENT ASSISTANCE FOR WORKERS

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Subchapter A—Petitions and Determinations

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[SEC. 222. GROUP ELIGIBILITY REQUIREMENTS.

[The Secretary shall certify a group of workers as eligible to apply for adjustment assistance under this chapter if he determines—

[(1) that a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated,

[(2) that sales or production, or both, of such firm or subdivision have decreased absolutely, and

[(3) that increases of imports of articles like or directly competitive with articles produced by such workers' firm or an appropriate subdivision thereof were a substantial cause of such total or partial separation, or threat thereof, and of such decline in sales or production.

For purposes of paragraph (3), the term "substantial cause" means a cause which is important and not less than any other cause.]

SEC. 222. GROUP ELIGIBILITY REQUIREMENTS.

The Secretary shall certify a group of workers as eligible to apply for adjustment assistance under this part if he determines—

(1) that—

(A) a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated,

(B) sales or production, or both, of such firm or subdivision have decreased absolutely, and

(C) increases of imports of articles like or directly competitive with articles—

(i) which are produced by such workers' firm or appropriate subdivision thereof, or

(ii) to which such workers' firm or appropriate subdivision thereof provides essential parts or essential services,

contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production; or

(2) that a significant number or proportion of the workers in such workers' firm (if the firm has no subdivision) or subdivision of a firm have become totally or partially separated, or are theatened to become totally or partially separated, by reason of the relocation of the production functions of that firm or subdivision to a foreign county or instrumentality.

For purposes of paragraph (1)(C), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

* * * * * * *

Subchapter B—Program Benefits

PART I—TRADE READJUSTMENT ALLOWANCES

SEC. 231. QUALIFYING REQUIREMENTS FOR WORKERS.

(a) Payment of a trade readjustment allowance shall be made to an adversely affected worker covered by a certification under subchapter A who files an application for such allowance for any week of unemployment which begins more than 60 days after the date on which the petition that resulted in such certification was filed under section 221, if the following conditions are met:

(1) Such worker's total or partial separation before his application under this chapter occurred—

(A) on or after the date, as specified in the certification under which he is covered, on which total or partial separation began or threatened to begin in the adversely affected employment,

(B) before the expiration of the 2-year period beginning on the date on which the determination under section 223 was made, and

(C) before the termination date (if any) determined pursuant to section 223(d).

(2) Such worker had, in the 52-week period ending with the week in which such total or partial separation occurred, at least 26 weeks of employment at wages of $30 or more a week in adversely affected employment with a single firm or subdivision of a firm, or if data with respect to weeks of employment with a firm are not available, equivalent amounts of employment computed under regulations prescribed by the Secretary. For the purposes of this paragraph, any week in which such worker—

(A) is on employer-authorized leave for purposes of vacation, sickness, injury, maternity, or inactive duty or active duty military service for training,

(B) does not work because of a disability that is compensable under a workmen's compensation law or plan of a State or the United States, or because of being laid off for any reason, if the worker later receives back pay for the week of lay-off, or

(C) had his employment interrupted in order to serve as a full-time representative of a labor organization in such firm or subdivision,

[shall be treated as a week of employment at wages of $30 or more, but not more than the following number of weeks may be treated as such weeks of employment under this sentence:

[(i) 3 weeks if no weeks described in subparagraph (B) occurred during the 52-week period concerned.

[(ii) 7 weeks if all are weeks described in subparagraph (B).

[(iii) 7 weeks in the case of weeks described in subparagraphs (B) and (A) or (C), or both, except that not more than 3 of such weeks may be other than weeks described in subparagraph (B).]

shall be treated as a week of employment at wages of $30 or more, but not more than 7 weeks, in case of weeks described in paragraph (A) or (C), or both, may be treated as weeks of employment under this sentence.

* * * * * * *

SEC. 233 LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES

(a)(1) * * *

* * * * * * *

(3) [Notwithstanding paragraph (1), in accordance with regulations prescribed by the Secretary, payments may be made as trade readjustment allowances for up to 26 additional weeks in the 26-week period following the last week of entitlement to trade readjustment allowances otherwise payable under this chapter in order to assist the adversely affected worker to complete training approved for the worker under section 236.]

Payments for such additional weeks may be made only for weeks in such 26-week period during which the individual is engaged in such training and has not been determined under section 236[(c)] *(d)* to be failing to make satisfactory progress in the training.

Notwithstanding paragraph (1), in order to assist the adversely affected worker to complete training approved or provided for by voucher under section 236, and in accordance with regulations prescribed by the Secretary, payments may be made as trade readjustment allowances for up to 26 additional weeks in the 26-week period that—

(A) follows the last week of entitlement to trade readjustment allowances otherwise payable under this chapter; or

(B) begins with the first week of such training, if such training is approved after the last week described in subparagraph (A).

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PART II—TRAINING, OTHER EMPLOYMENT SERVICES, AND ALLOWANCES

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SEC. 236. TRAINING.

(a)(1) If the Secretary determines that—

(A) there is no suitable employment (which may include technical and professional employment) available for a worker,

(B) the worker would benefit from appropriate training,

(C) there is a reasonable expectation of employment following completion of such training,

(D) training approved by the Secretary is available to the worker from either governmental agencies or private sources (which may include area vocational education schools, as defined in section 195(2) of the Vocational Education Act of 1963, and employers), and

(E) the worker is qualified to undertake and complete such training,

the Secretary [may] *shall* approve such training for the worker. Upon such approval, the worker shall be entitled to have payment

of the costs of such training paid on his behalf by the Secretary. *If the funds necessary to pay such costs have not been appropriated at the time the training is entered, such costs shall be paid for as soon as possible from the next appropriation of funds to carry out the purposes of this section.* Insofar as possible, the Secretary shall provide or assure the provision of such training on the job, which shall include related education necessary for the acquisition of skills needed for a position within a particular occupation. *For purposes of applying subparagraph (C), a reasonable expectation of employment does not require that employment opportunities for a worker be available, or offered, immediately upon his completing training under this section.*

(2) A worker may not be determined to be ineligible or disqualified for unemployment insurance or program benefits under this subchapter because the individual is in training approved under paragraph (1), *or subsection (c)* because of leaving work which is not suitable employment to enter such training, or because of the application to any such week in training of provisions of State law or Federal unemployment insurance law relating to availability for work, active search for work, or refusal to accept work. The Secretary shall submit to the Congress a quarterly report regarding the amount of funds expended during the quarter concerned to provide training under paragraph (1) *or subsection (c)* and the anticipated demand for such funds for any remaining quarters in the fiscal year concerned.

(3) For purposes of this subsection the term "suitable employment" means, with respect to a worker of a substantially equal or higher skill level than the worker's past adversely affected employment, and wages for such work at not less than 80 percent of the worker's average weekly wage.

(b) The Secretary may, where appropriate, authorize supplemental assistance necessary to defray reasonable transportation and subsistence expenses for separate maintenance when training *under paragraph (1) or subsection (c)* is provided in facilities which are not within commuting distance of a worker's regular place of residence. The Secretary may not authorize—

(1) payments for subsistence that exceed whichever is the lesser of (A) the actual per diem expenses for subsistence, or (B) payments at 50 percent of the prevailing per diem allowance rate authorized under the Federal travel regulations, or

(2) payments for travel expenses exceeding the prevailing mileage rate authorized under the Federal travel regulations.

(c)(1) A worker eligible for training under subsection (a) may, in lieu of obtaining training in accordance with that subsection, elect to obtain training under the voucher system provided for under this subsection. If an election is made by a worker to obtain training under this subsection or subsection (a), the worker is eligible for training only in accordance with that election, unless for reasons beyond the control of the worker training is no longer available in accordance with such election.

(2) If a worker finds training (which may include training on the job) that he considers appropriate (whether or not services described in section 235 were utilized in finding that training), he may apply to the Secretary for a voucher to cover the costs of such training,

which costs, in the case of training on the job, are limited to costs directly incurred by the provider solely for training purposes.

(3) If the Secretary—

(A) approves the course of training for which application is made under paragraph (2); and

(B) finds that—

(i) suitable employment for the worker is not available,

(ii) the worker is not already qualified for the job for which training is sought, and

(iii) there is a reasonable expectation of employment after completion of the training,

the Secretary shall issue a voucher which obligates the United States to pay to the provider of the training the costs thereof subject to the following conditions:

(A) Payment of the training costs shall be made on a quarterly basis subject to—

(i) the provider of training certifying to the Secretary with respect to each quarter that the worker's attendance and progress regarding the training has been satisfactory; and

(ii) the worker certifying to the Secretary regarding his actual training and employment, if any, with the provider during each quarter.

(B) Payment of the training costs shall not be made to a provider of training on the job unless the provider certifies to the Secretary, on such periodic basis as the Secretary may require, that the worker's training will not result in—

(i) the displacement of currently employed workers (including partial displacement such as reduction in the hours of nonovertime work or in wages or employment benefits); or

(ii) the hiring of the trainee to fill a job opening created by the action of the employer in laying off or terminating the employment of any regular employee.

[c]*(d)* Any adversely affected worker who, without good cause, refuses to accept or continue or fails to make satisfactory progress in, suitable training to which he has been referred by the Secretary shall not thereafter be entitled to payments under this chapter until he enters or resumes the training to which he has been so referred.

(e) The Secretary shall pay to any worker who—

(1) begins approved training under this section after the date of the enactment of this subsection; and

(2) is not eligible for trade readjustment allowances during any or all of the period of such training;

a supplemental assistance benefit of $15 for each day during which the worker participates in such training but for which he is not eligible for such allowances.

SEC. 237. JOB SEARCH ALLOWANCES.

(a) Any adversely affected worker covered by a certification under subchapter A of this chapter may file an application with the Secretary for a job search allowance. Such allowance, if granted, shall provide reimbursement to the worker of 90 percent of the

cost of necessary job search expenses as prescribed by regulations of the Secretary; except that—

(1) such reimbursement may not exceed [$600] *$800* for any worker, and

(2) reimbursement may not be made for subsistence and transportation expenses at levels exceeding those allowable under section 236(b) (1) and (2).

(b) A job search allowance may be granted only—

(1) to assist an adversely affected worker who has been totally separated in securing a job within the United States;

(2) where the Secretary determines that such worker cannot reasonable be expected to secure suitable employment in the commuting area in which he resides; and

(3) where the worker has filed an application for such allowance with the Secretary before—

(A) the later of—

(i) the 365th day after the date of the certification under which the worker is eligible, or

(ii) the 365th day after the date of the worker's last total separation; or

(B) the 182d day after the concluding date of any training received by the worker, if the worker was referred to such training by the Secretary.

SEC. 238. RELOCATION ALLOWANCES.

(a) Any adversely affected worker covered by a certification under subchapter A of this chapter may file an application with the Secretary for a relocation allowance, subject to the terms and conditions of this section, if such worker files such application before—

(1) the later of—

(A) the 425th day after the date of the certification, or

(B) the 425th day after the date of the worker's last total separation; or

(2) the 182d day after the concluding date of any training received by such worker if the worker was referred to such training by the Secretary.

(b) A relocation allowance may be granted only to assist an adversely affected worker in relocating within the United States and only if the Secretary determines that such worker cannot reasonably be expected to secure suitable employment in the commuting area in which he resides and that such worker—

(1) has obtained suitable employment affording a reasonable expectation of long-term duration in the area in which he wishes to relocate, or

(2) has obtained a bona fide offer of such employment, and

(3) is totally separated from employment at the time relocation commences.

(c) A relocation allowance shall not be granted to such worker unless his relocation occurs within 182 days after the filing of the application therefor or (in the case of a worker who has been referred to training by the Secretary) within 182 days after the conclusion of such training.

(d) For the purposes of this section, the term "relocation allowance" means—

(1) 90 percent of the reasonable and necessary expenses (including, but not limited to, subsistence and transportation expenses at levels not exceeding those allowable under section 236(b) (1) and (2)) specified in regulations prescribed by the Secretary, incurred in transporting a worker and his family, if any, and household effects, and

(2) a lump sum equivalent to three times the worker's average weekly wage, up to a maximum payment of [$660.] *$800.*

Subchapter C—General Provisions

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SEC. 245. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to the Department of Labor, for each of fiscal years 1982 and 1983, such sums as may be necessary to carry out the purposes of this chapter.]

"SEC. 245. SPECIAL ACCOUNT FOR ADJUSTMENT ASSISTANCE.

(a) There is established in the Treasury of the United States a special account to be known as the Special Account for Adjustment Assistance (hereafter in this section referred to as the "special account") consisting of such funds as may be appropriated to it as provided in this section.

(b)(1) For purposes of making the expenditures referred to in subsection (c), there is appropriated to the special account—

(A) for fiscal year 1984, amounts equivalent to 2.6 percent of the customs duties collected during fiscal year 1983, of which $111,000,000 shall be available for training, services, and allowances under parts II and III of subchapter B, and $27,500,000 shall be available for adjustment assistance to firms under chapter 3; and

(B) for fiscal year 1985, amounts equivalent to 1.8 percent of the customs duties collected during fiscal year 1984, of which $56,000,000 shall be available for training, services, and allowances under parts II and III of subchapter B, and $27,500,000 shall be available for adjustment assistance to firms under chapter 3.

If additional sums are necessary for such purposes during any fiscal year, there are appropriated to the special account additional sums equivalent to such percent of the customs duties collected in the preceding fiscal year as may be required.

(c) Amounts in the special account shall be available, as provided by appropriation Acts, only for making expenditures to carry out the provisions of this chapter and chapter 3 (including any administrative costs for such chapters not paid for out of trust funds).

(d) The Secretary of the Treasury shall pay into the general fund of the Treasury all amounts remaining in the special account after the close of each fiscal year that are not needed for making the expenditures referred to in subsection (c).

(e) The Secretary of the Treasury shall report to the Congress not later than March 1 of each year on the operation and status of the special account during the preceding fiscal year.

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CHAPTER 3—ADJUSTMENT ASSISTANCE FOR FIRMS

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SEC. 257. ADMINISTRATION OF FINANCIAL ASSISTANCE.

(a) * * *

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[(c) All repayments of loans, payments of interest, and other receipts arising out of transactions entered into by the Secretary pursuant to this chapter, shall be available for financing functions performed under this chapter, including administrative expenses in connection with such functions.]

(c) All repayments of loans, payments of interest, and other receipts arising out of transactions entered into by the Secretary pursuant to this chapter, shall be paid into a separate account established for that purpose to be administered by the International Trade Administration in the Department of Commerce. Such repayments, payments and receipts shall be expended for future loans, loan guarantees, technical assistance or other functions performed under this chapter, including administrative expenses in connection with such function.

* * * * * * *

SEC. 265. ASSISTANCE TO INDUSTRIES.

(a) The Secretary may provide technical assistance, on such terms and conditions as the Secretary deems appropriate, for the establishment of industrywide programs for new product development, new process development, export development, or other uses consistent with the purposes of this chapter. Such technical assistance may be provided through existing agencies, private individuals, firms, universities and institutions, and by grants, contracts, or cooperative agreements to associations, unions, or other nonprofit industry organizations in which a substantial numnber of firm *or workers* have been certified as eligible to apply for adjustment assistance under section *223 or* 251.

(b) Expenditures for technical assistance under this section may be up to [$2,000,000] *$10,000,000* annually per industry and shall be made under such terms and conditions as the Secretary deems appropriate.

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CHAPTER 5— MISCELLANEOUS PROVISIONS

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SEC. 285. EFFECTIVE DATE.

Chapters 2, 3, and 4 of this title shall become effective on the 90th day following the date of enactment of this Act and chapters 2 and 3 shall terminate on [September 30, 1983] *September 30, 1985.* Chapter 4 shall terminate on September 30, 1982.

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DISSENTING VIEWS

Once again, the Congress has before it amendments to the trade adjustment assistance program for workers and firms. HR 3391 would extend the program through September 30, 1985, and would broaden the entitlement to cover benefits and training for those workers certified as trade impacted. We strongly object to passage of this bill because it continues, at expanded levels, a costly entitlement program which in effect duplicates the benefits and protections for dislocated workers contained in the recently enacted Job Training Partnership Act.

After watching the cost of the trade adjustment assistance program skyrocket from about $256 million in 1979 to $1.6 billion in 1981 and $1.4 billion in 1982, the Congress acted decisively to curtail the worker compensation aspects of TAA and shifted emphasis to the adjustment and retraining goals of TAA (until its expiration) and of the Jobs Training Partnership Act (JTPA). This approach was recommended by the Administration as the most effective way to provide adjustment for dislocated workers caused by whatever circumstance, including import competition. Costs could be better controlled because funding needs would evaluated and appropriated each year rather than paid out as an entitlement under a set of static criteria.

H.R. 3391, in addition to extending the TAA program for two years, makes several objectionable changes. First of all, the bill expands eligibility for TAA benefits beyond those who were employed in industries directly affected by imports to include all workers laid off from firms that supply parts and services to the originally impacted firm. It is here that large increased costs occur and here where the link to import competition becomes harder to draw. Imports are but one element of a difficult but improving economic condition. This aspect of the bill seeks to draw a weak and contrived link between imports and a broad cross section of firms and their suppliers, thereby creating the impression that the TAA program is the cure for a wide variety of ills. It is a fallacy that can lead only to disappointment.

Secondly, the bill further entrenches the entitlement nature of the training program, expands training benefits to cover workers in supplying firms, and creates a "special account" for training payments fed by appropriations from U.S. customs duties. Entitlement characteristics were given to the training benefits when the TAA program was amended in 1981, and we voiced our strong objections at that time. This bill further limits the discretion of the Secretary of Labor and makes benefits all but automatic. The special account holds funds in reserve to cover training costs and, although careful pains were taken not to call it a trust fund, we can see little difference in a fund fed by payroll or other taxes and a fund fed by taxes collected at the border.

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We are all familiar with entitlement programs and how they can lock the Congress into ever increasing costs. Under H.R. 2291, training can be denied only if: (1) there is no suitable employment (a job at wages not less than 80 percent of a worker's previous wage); (2) a worker would not benefit from or be qualified for such training; and (3) there is a reasonable expectation of employment following training. Training may be provided by government or private services or sought by individuals on their own. Since former wages of laid-off auto and steel workers can be more than double the average manufacturing wage in the U.S., we can envision few cases where training could be denied.

Under the bill, an individual in training must be provided an additional twenty-six weeks of benefits beyoind the time regular TAA benefits are exhausted. This further adds to the overall cost of the program and provides an incentive to seek training whether or not it is needed to develop new skills as a means of securing employment. This provision provides a basis for forcing the development of training programs that may not be appropriate, beneficial or cost effective.

One further complaint must be raised about the "special account". Special accounts and trust funds often are established to avoid the uncertainties of the appropriations process, and this one is no exception. H.R. 3391 specifically appropriates a certain percentage of customs duties into the special account for fiscal years 1984 and 1985, and limits the availability of funds within the account either to training and related services or to adjustment assistance for firms. The moneys may not be appropriated or spent for any other purposes, although the Appropriations Committee is given the task of appropriating funds out of the account within the limitations set forth in the bill. This special account system should eliminate any doubt that training benefits under this bill are intended to be an entitlement.

An example may be given as to why proponents of this bill do not want to leave training funds to the appropriations process. For fiscal year 1982, the Administration requested $112 million for TAA training; that request was adjusted to $98 million when the budget request was trimmed across the board. However, Congress appropriated only $25 million for TAA training in fiscal year 1982 and $25 million in fiscal year 1983. Will Congress be willing in fiscal year 1984 to appropriate $109 million for TAA training as provided in this bill? It will be held in the special account throughout the fiscal year regardless of what Congress might do.

Finally, we must make note of the total cost of H.R. 3391 and its relationship to the recently passed budget resolution. The fiscal year 1984 cost of this bill is estimated to be $185 million. The First Concurrent Resolution on the Budget provides $42 million for extension of the existing TAA entitlements. However, the Ways and Means Committee has been assured that "add-ons" to the budget will provide an additional $92 million for TAA. These mysterious add-ons do not appear in the Budget Resolution or in the conference report on the resolution; they are guarded in their obscurity by the Congressional Budget Office. Even with the add-ons, the total falls short of the bill's cost but since $55 million is earmarked

for retro-active payments, perhaps it was covered in last year's budget.

In summary, H.R. 3391 extends the life of a program that has proved costly and has achieved limited results with respect to adjustment for the trade related unemployed. Congress already has moved away from the TAA program, by establishing a broad-based system of employment and training assistance for dislocated workers under the JTPA. The intention was to make unemployment and training benefits more equitable among those unemployed for trade-related reasons and those whose unemployment resulted from other causes. About $225 million has been provided this year, under the provisions of the JTPA, for training and related assistance solely for dislocated workers including trade-impacted workers. Is a separate program focused only on long-term trade-related unemployment, funded at 50 percent of the total training assistance given to all dislocated workers, justified?

In our view, the TAA program is not longer justified and should be allowed to expire at the end of this fiscal year. The legitimate needs of dislocated workers have been and should continue to be addressed more realistically under the provisions of the JTPA. We urge our colleagues to defeat H.R. 3391.

BARBER CONABLE.
BILL ARCHER.
GUY VANDER JAGT.
PHIL CRANE.
BILL FRENZEL.
JIM MARTIN.
BILL GRADISON.
WILLIAM M. THOMAS.

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